

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2022

Docket No. ACR2022

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-28 OF CHAIRMAN'S INFORMATION REQUEST NO. 4**

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 4, issued on January 13, 2023. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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January 20, 2023

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1. Please refer to the discussion in the FY 2022 ACR regarding International Competitive Products' failure to cover attributable costs. FY 2022 ACR at 93.
 - a. Please provide a plan to improve the cost coverage of Inbound Competitive International Registered Mail to a compensatory level. The Postal Service should detail all specific actions it is taking or plans to take to reduce Inbound Competitive International Registered Mail volume-variable costs, as well as any revenue generating strategy beyond scheduled calendar year increases¹ and the Postal Service's participation in the voluntary supplementary remuneration for inbound registered items.² The Postal Service should also detail any plans to improve volume-variable cost allocation between Inbound Competitive International Registered Mail and other agreements for which revenue for inbound registered items is reported.
 - b. Please discuss whether the scheduled calendar year Universal Postal Union (UPU) rate increases, which the Postal Service states "should help to improve cost coverage" for Inbound Competitive International Registered Mail, would be sufficient to mitigate any future increases in costs that may occur, similar to increases in costs seen in FY 2022. FY 2022 ACR at 93-94.
 - c. The Postal Service states that "the Inbound Competitive PRIME Registered Service Agreement 1 multilateral agreement, which was also transferred to the Competitive product list, and the Inbound Competitive PRIME-USPS Registered Service Agreement multilateral agreement create additional separate sources of positive contribution associated with Inbound Registered Mail from those countries that exchange items under those agreements." FY 2022 ACR at 94 (footnotes omitted). Please discuss the bearing this has, if any, on the cost coverage of Inbound Competitive International Registered Mail, which is a separate product.

¹ FY 2022 ACR at 94 (citing Universal Postal Convention and its Final Protocol – adopted at the Abidjan 2021 Congress, Article 28, paragraph 8, available at <https://www.upu.int/UPU/media/upu/files/aboutUpu/acts/03-actsConventionAndFinalProtocol/conventionAndFinalProtocolAdoptedAtAbidjanEn.pdf>).

² See FY 2022 ACR at 94. See also Docket No. ACR2020, Fourth Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2020 Annual Compliance Determination, July 27, 2021, at 6; Docket No. ACR2020, Library Reference USPS-FY20-NP52, July 27, 2021.

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RESPONSE:

- a. Inbound Competitive Registered Mail is costly because it requires customer signature to finalize delivery. The Registered product is often preferred over the tracked offering because Registered offers indemnity, tracking, and appears more secure. However, other than the requirement for a signature to effectuate delivery, Registered and tracked items receive the same level of service at a much higher price for customers and costs for the Postal Service. As such, the Postal Service is reviewing various alternatives with the underlying objective to migrate Registered items to the lower cost tracked offering. If successful, migration would not improve the cost coverage for Inbound Competitive Registered Mail, but it would improve its contribution due to lower volume.

For costs, the Postal Service does not have plans to change volume-variable cost allocation between Inbound Competitive International Registered Mail and other agreements for which revenue for inbound registered items is reported. This is because Postal Service data systems do not make any distinction among the various docket numbers offering inbound registered service. As such, the volume-variable costs are allocated based on respective volume reported for each agreement, with two exceptions. The Docket No. MC2020-73 Inbound Competitive PRIME Registered Service Agreement and Docket No. CP2022-65 PRIME-USPS Registered Service Agreement do not bear any of the volume-variable costs because the agreements function differently, see response to Q1.b. in ChIR No. 33, filed July 27, 2022 in the FY 2021 ACD for further details.

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- b. Inbound Competitive International Registered Mail, scheduled rate increases are probably not sufficient to mitigate any future increases in costs that may occur similar to increases in costs seen in FY 2022. For the next several years, the scheduled annual rate increases average roughly 4.5 percent. Between FY 2021 and FY 2022, costs for inbound competitive registered mail, in aggregate, increased by about 6 percent. Cost increases are highly dependent on inflation, and it is difficult to forecast. However, as discussed in the response to part 1.a., successful migration of Registered to tracked would result in improved contribution.
- c. The statement from the Postal Service cited in the question was designed to emphasize that although the MCS section 2615.2 Competitive International Registered Mail, Inbound Competitive International Registered Mail, did not cover its costs in FY 2022, the revenue and volume reported in MCS section 2615.2 represents only a certain portion of the revenue and volume of inbound registered mail items. Additional inbound registered mail items were reported for FY 2022 under the five agreements listed in the Inbound Registered Mail Summary Report in the Reports workbook included in USPS-FY22-NP2.

Thus, the Postal Service is suggesting that merely reviewing the cost coverage for the MCS section 2615.2 Competitive International Registered Mail, Inbound Competitive International Registered Mail product does not provide a complete picture of cost coverage for inbound registered mail items. At this time, the

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Postal Service is not inclined to attempt to propose a reclassification of MCS section 2615.2 Competitive International Registered Mail, as well as any other agreements associated with Inbound Registered Mail. However, by including the Inbound Registered Mail Summary Report in the Reports workbook in USPS-FY22-NP2 in the filing of the FY 2022 ACR, the Postal Service followed up on the Postal Service's statements in the Third Response filed in the ACR 2021 docket.³

³ Third Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2021 Annual Compliance Determination, Docket No. ACR2021 (June 27, 2022), Response to Question 1.

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2. Please refer to Library Reference USPS-FY22-NP2, Excel file "Inputs.xlsm" (FY 2022 Inputs file), tab "UPU Rates CY1." Please confirm that the source of these rates is International Bureau (IB) Circular 148, Final 2021 Quality-Linked Terminal Dues Rates, September 19, 2022. If confirmed, please explain why the rates in these cells do not match those in IB Circular 148 and refile as necessary. If not confirmed, please identify the appropriate IB Circular supporting these rates.

RESPONSE:

Not confirmed. The rates in referenced tab are sourced from the IB Circular 146, Provisional 2021 Quality-Linked Terminal Dues Rates, October 5, 2020, as noted in the sources of Settlement Book_PQ1 workbook in USPS-FY22-NP2/Supporting Files/Settlement Workbooks. The rates that were provided in IB Circular 148 were issued on September 19, 2022, and had not been entered or billed at the time of closing the FY 2022 accounting books, which was September 30, 2022.

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3. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP34.

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4. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP34.

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5. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP34.

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6. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP34.

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7. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP34.

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8. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP34.

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9. Please see Attachment, filed under seal.

RESPONSE:

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10. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP34.

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11. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP34.

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- 12.** Philatelic Sales has a reported revenue of \$7,403,865 and a reported cost of \$7,545,109 in Fiscal Year (FY) 2022, representing a cost coverage of 98 percent. FY 2022 ACR at 102. Please describe in detail why the cost coverage for Philatelic Sales fell below 100 percent in FY 2022. Please include in the response any plans the Postal Service has to improve cost coverage for this product in FY 2023.

RESPONSE:

The reported cost coverage for Philatelic Sales fell below 100 percent this year in large part due to an incorrect Service-Wide Benefit factor that was inadvertently used in the Philatelic Sales cost model. Instead of a Service-Wide Benefit factor well above 1.0 that was applied initially, the appropriate factor is actually 1.03. After that error was detected in preparing the response to this question, the Philatelic Sales costs were recalculated using the appropriate Service-Wide Benefit factor, yielding total cost of \$5,930,078. These updated costs are well below the \$7,403,865 reported revenue, and result in a cost coverage of 124.85 percent.

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- 13.** Please refer to Library Reference USPS-FY22-3, December 29, 2022, Excel file "FY22.3 WorksharingTables.xlsx," tab "Media Mail & Library Mail." Please confirm that the avoided costs on all other tabs are rounded to three decimal places. If confirmed, for consistency, please provide an updated Excel file with the avoided costs in cells G10, G11, G18, and G19 rounded to three decimal places (using the Excel "ROUND" formula). If not confirmed, please explain.

RESPONSE:

Confirmed. Please see the Excel file provided in association with the responses to questions 13 – 16 of this Information Request, provided within the zip file electronically attached to this response set.

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- 14.** Please refer to Library Reference USPS-FY22-3, Excel file "FY22.3 WorksharingTables.xlsx," tab "Bound Printed Matter Parcels." Please confirm that the avoided costs on all other tabs are rounded to three decimal places. If confirmed, for consistency, please provide an updated Excel file with the avoided cost in cell G22 rounded to three decimal places (using the Excel "ROUND" formula). If not confirmed, please explain.

RESPONSE:

Confirmed. Please see the Excel file provided in association with the responses to questions 13 – 16 of this Information Request, provided within the zip file electronically attached to this response set.

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- 15.** Please refer to Library Reference USPS-FY22-3, Excel file "FY22.3 WorksharingTables.xlsx," tab "Bound Printed Matter Flats." Please confirm that the avoided cost for Carrier Route Flats in cell G8 should be \$0.169.⁴ If confirmed, please provide an updated Excel file. If not confirmed, please explain.

RESPONSE:

Confirmed. Please see the Excel file provided in association with the responses to questions 13 – 16 of this Information Request, provided within the zip file electronically attached to this response set.

⁴ See, e.g., Library Reference USPS-FY22-15, December 29, 2022, Excel file "USPS-FY22-15.BPM.xlsx," tab "Summary," cell C8.

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- 16.** Please refer to Library Reference USPS-FY22-3, December 29, 2022, Excel file "FY22.3 WorksharingTables.xlsx," tab "Marketing Mail Prcls&Mkt Prcls." Note 2 (at cell C32) identifies the source of "Parcels Presorting Cost Differences" as "Docket No. ACR2022, USPS-FY22-12.xlsx, Tab: MP Summary."

Please also refer to Library Reference USPS-FY22-12, December 29, 2022, Excel file "USPS-FY22-12.xlsx," and see attachment hereto "Attachment to Q16 of CHIR No. 4.xlsx," which replicates column A through column H of Library Reference USPS-FY22-3, Excel file "FY22-3 WorksharingTables.xlsx," tab "Marketing Mail Prcls&Mkt Prcls," adds avoided cost formula inputs from Library Reference USPS-FY22-12, Excel file "USPS-FY22-12.xlsx," tab "MP Summary," and recalculates avoided costs and passthroughs.

- a. Please confirm that the mail processing avoided costs in cells G7, G8, G10, G11, G12, G15, G16, G21, G22, G23, and G26 of Library Reference USPS-FY22-3, Excel file "FY22-3 WorksharingTables.xlsx," tab "Marketing Mail Prcls&Mkt Prcls" reflect the applicable source mail processing avoided cost inputs in Library Reference USPS-FY22-12, Excel file "USPS-FY22-12.xlsx," tab "MP Summary," column E (Adjusted Unit Cost) only to the second decimal place and differ at the third decimal place and beyond.
 - i. If confirmed, please explain and submit revised versions of any affected library reference(s) as necessary.
 - ii. If not confirmed, please reconcile the differences in avoided costs and passthroughs as reflected in Excel file "Attachment to Q16 of CHIR No. 4.xlsx" hereto in column L and column M (respectively) and in Library Reference USPS-FY22-3, Excel file "FY22-3 WorksharingTables.xlsx," tab "Marketing Mail Prcls&Mkt Prcls," columns G and H.

RESPONSE:

Confirmed. Inadvertently, Folder 3 was not revised when a minor revision was made to Folder 12. Please see the Excel file provided in association with the responses to questions 13 – 16 of this Information Request, provided within the zip file electronically attached to this response set.

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- 17.** Please refer to Library Reference USPS-FY22-4, December 29, 2022, Excel file "FY2022 USPS Marketing Mail BD - Public ACR.xlsx," tabs "C2-2 ECR Flats" and "C4-2 NP ECR Flats." Under tab "C2-2 ECR Flats," the summary rows at cells A52 and A65 are labeled "High Density Flats on Pure Pallets" and "Total High Density Plus Flats," respectively. Under tab "C4-2 NP ECR Flats," the summary rows at cells A52 and A65 are labeled "Pure High Density Flats" and "High Density Flats on Pure Pallets," respectively. Please provide an updated Excel file with consistent summary row labels for the cells under tabs "C2-2 ECR Flats" and "C4-2 NP ECR Flats."

RESPONSE:

The Excel file associated with this response in the zip file electronically attached to this response set corrects the labeling error in the Excel file. Labeling corrections were only made in tab "C4-2NP ECR Flats" in cells A52 and A65.

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- 18.** The following concerns self-service kiosks (SSKs).
- a. Please provide the total number of SSKs in operation at the end of FY 2022.
 - b. Please provide the number of SSKs that were in operation at the end of FY 2022 by Retail and Delivery Operations area: Western-Pacific, Southern, Central, and Atlantic.
 - c. In the FY 2022 ACR, the Postal Service states it relocated 72 SSKs in FY 2022 “to promote efficiency.” FY 2022 ACR at 86.
 - i. Please provide quantitative support for this statement and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please explain why it is unavailable and provide qualitative analysis in support of the statement.
 - ii. Of the 72 SSKs relocated, please provide the number of SSKs that moved to a different Retail and Delivery Operations area.
 - d. The Postal Service states it “plans to add 24 new [SSKs] in FY 2023.” *Id.* Please describe any other plan(s) for adding, removing, or relocating SSKs during FY 2023.

RESPONSE:

a.-b.

Area	SSKs (FY22)
Atlantic	678
Central	546
Southern	661
West-Pac	845
National	2,730

- c. i. Please see the Excel file associated with this response in the zip file electronically attached to this response set. It consists of a spreadsheet identifying the 72 sites from which SSKs were relocated; the SSK utilization rates for each of these sites; and the corresponding “gaining site,” i.e., the site to which each SSK was moved.

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Low customer utilization was the factor driving the relocation of these SSKs. Cells highlighted in yellow indicate offices containing multiple SSKs with a utilization rate falling below 35 percent.

Gaining sites are selected based on a number of factors, including walk-in revenue, transaction types, Window Operations Survey hours, WTIL scores, and pre-paid acceptance rates. Surveys are also conducted to determine whether the nominated gaining site can viably house SSK technology. Internet and power sources and 24-hour lobby availability are also considered.

ii. As indicated in the attachment filed as part of this response, no SSKs were moved to a different Retail and Delivery area.

d. The Postal Service will evaluate sites for the new SSK devices based on the site selection process listed above.

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- 19.** The following requests pertain to collection boxes.
- a. Please provide the number of collection boxes removed during FY 2022.⁵
 - b. Please provide the number of collection boxes added to new locations during FY 2022.⁶

RESPONSE:

- a. In FY 2022, 655 Collection Boxes were removed.
- b. In FY 2022, 88 new Collection Boxes were installed in new locations, and 18 collection boxes were relocated.

⁵ 39 C.F.R. § 3055.91(c)(3).

⁶ 39 C.F.R. § 3055.91(c)(4).

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- 20.** Please provide the proportion of collection boxes for which the last mail pickup time is:
- a. Midnight to 11:59 a.m.
 - b. Noon to 2:59 p.m.
 - c. 3 p.m. to 4:59 p.m.
 - d. 5 p.m. to 6:59 p.m.
 - e. 7 p.m. to 11:59 p.m.
 - f. For each response in question 20.a. through 20.e., please provide the proportions for Monday-Friday and Saturday-Sunday separately, if applicable.

RESPONSE:

a.-f.

	Mon-Fri	Sat
Midnight to 11:59 a.m.	33.52%	50.93%
Noon to 2:59 p.m.	26.78%	39.81%
3 p.m. to 4:59 p.m.	26.10%	7.41%
5 p.m. to 6:59 p.m.	13.39%	1.85%
7 p.m. to 11:59 p.m.	0.21%	0.00%

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- 21.** Please provide a table detailing the following information regarding Village Post Offices (VPOs):
- a. The number of VPOs at the beginning of FY 2022.
 - b. The number of VPOs opened in FY 2022.
 - c. The number of VPOs closed in FY 2022.
 - d. The number of VPOs at the end of FY 2022.
 - e. If the Postal Service's responses to this question differ from the numbers provided in response to question 24, below, please reconcile any discrepancies.

RESPONSE:

a. 414

b. 2

c. 39

d. 377

e. There are two reasons for the discrepancy between the numbers reported above and those reported in the FY 2022 ACR. First, the Postal Service's Contract Postal Unit Technology System (CPUT) records all contracts for CPUs, CPOs and VPOs, and is updated to reflect the formation and termination of such contracts. As a result, its outputs can fluctuate, even with reference to a single point in time (e.g., the end of FY 2022), as information relating to contractor-operated postal units is entered into the system. Second, a calculation error attributed some contract terminations to CPUs which were in fact attributable to VPOs. That error has now been corrected, as reflected in this response, which consequently reports a lower total of VPOs. The numbers

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directly above represent, to the Postal Service's knowledge, the most accurate total available of existing VPOs.

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- 22.** Please provide a table detailing the following information regarding community Post Offices (CPOs):
- a. The number of CPOs at the beginning of FY 2022.
 - b. The number of CPOs opened in FY 2022.
 - c. The number of CPOs closed in FY 2022.
 - d. The number of CPOs at the end of FY 2022.
 - e. If the Postal Service's responses to this question differ from the numbers provided in response to question 24, below, please reconcile any discrepancies.

RESPONSE:

a. 419

b. 4

c. 24

d. 399

e. There are two reasons for the discrepancy between the numbers reported above and those reported in the FY 2022 ACR. First, the Postal Service's Contract Postal Unit Technology System (CPUT) records all contracts for CPUs, CPOs and VPOs, and is updated to reflect the formation and termination of such contracts. As a result, its outputs can fluctuate, even with reference to a single point in time (e.g., the end of FY 2022), as information relating to contractor-operated postal units is entered into the system. Second, a calculation error attributed some contract terminations to CPUs which were in fact attributable to CPOs. That error has now been corrected, as reflected in this response, which consequently reports a lower total of CPOs. The

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numbers directly above represent, to the Postal Service's knowledge, the most accurate total available of existing CPOs.

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- 23.** Please provide a table detailing the following information regarding contract postal units (CPUs):
- a. The number of CPUs at the beginning of FY 2022.
 - b. The number of CPUs opened in FY 2022.
 - c. The number of CPUs closed in FY 2022.
 - d. The number of CPUs at the end of FY 2022.
 - e. If the Postal Service's responses to this question differ from the numbers provided in response to question 24, below, please reconcile any discrepancies.

RESPONSE:

- a. 1820
- b. 8
- c. 82
- d. 1746
- e. There are two reasons for the discrepancy between the numbers reported above and those reported in the FY 2022 ACR. First, the Postal Service's Contract Postal Unit Technology System (CPUT) records all contracts for CPUs, CPOs and VPOs, and is updated to reflect the formation and termination of such contracts. As a result, its outputs can fluctuate, even with reference to a single point in time (e.g., the end of FY 2022), as information relating to contractor-operated postal units is entered into the system.⁷ Second, a calculation error attributed some contract terminations to CPUs

⁷ This accounts for the slight difference in CPU totals reported in the FY 2022 ACR (1,667) and the FY 2022 *Annual Report to Congress* (1,665), as the latter data point was pulled at a later date than the former.

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which were in fact attributable to CPOs and VPOs. That error has now been corrected, as reflected in this response, which consequently reports a higher total of CPUs. The numbers directly above represent, to the Postal Service's knowledge, the most accurate total available of existing CPUs.

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- 24.** Please fill in the table below in accordance with the Postal Service's records for FY 2020, FY 2021, and FY 2022. If the numbers provided in the table differ from those listed in the FY 2021 *Annual Compliance Determination*, FY 2022 ACR, Library Reference USPS-FY22-33, FY 2022 *Annual Report to Congress*, or responses to this Chairman's Information Request (CHIR), please reconcile any discrepancies among these sources.⁸

Facility Type	FY 2020	FY 2021	FY 2022
Post Offices			
Classified Stations & Branches and Carrier Annexes			
Total Postal-Managed			
Contract Postal Units			
Village Post Offices			
Community Post Offices			
Total Non-Postal-Managed			
Total Retail Facilities			

RESPONSE:

Facility Type	FY 2020	FY 2021	FY 2022
Post Offices	26,361	26,361	26,269
Classified Stations & Branches and Carrier Annexes	4,968	4,885	4,389
Total Postal-Managed	31,329	31,246	30,653
Contract Postal Units	1,914	1,820	1,746
Village Post Offices	442	414	377
Community Post Offices	441	419	399
Total Non-Postal-Managed	2,797	2,653	2,522
Total Retail Facilities	34,126	33,899	33,175

⁸ Compare FY 2022 ACR at 84 (1,667 CPUs), with Library Reference USPS-FY22-17, December 29, 2022, folder "USPS-FY22-17," folder "FY22.17.Annual.Report," file "FY 2022 Annual Report to Congress.pdf," at 28 (1,665 CPUs).

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As noted above, there are two reasons for the discrepancy between the numbers reported above and those reported in the FY 2022 ACR. First, the Postal Service's Contract Postal Unit Technology System (CPUT) records all contracts for CPUs, CPOs and VPOs, and is updated to reflect the formation and termination of such contracts. As a result, its outputs can fluctuate, even with reference to a single point in time (e.g., the end of FY 2022), as information relating to contractor-operated postal units is entered into the system. Second, a calculation error attributed some contract terminations to CPUs which were in fact attributable to CPOs and VPOs. That error has now been corrected, as reflected in this response, which as a result reports a lower total of CPOs and VPOs and a higher total of CPUs. The numbers directly above represent, to the Postal Service's knowledge, the most accurate total available of existing VPOs, CPOs and CPUs.

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- 25.** In Docket No. ACR2021, the Postal Service filed a Retail Revenue by Channel table.⁹ Please provide an updated table with columns showing FY 2021 Revenue, FY 2022 Revenue, and Percent Change from FY 2021.

RESPONSE:

Channel	FY 22 Revenue	FY 21 Revenue	% Change from FY 21
Post Office Revenue	\$9,770,521,263	\$10,499,504,501	-6.94%
Stamps Sales by Partners	\$765,627,258	\$910,454,566	-15.91%
SSK\APC	\$284,722,686	\$348,901,131	-18.40%
Stamps by Mail\Phone	\$76,785,325	\$82,918,279	-7.40%
Contract Units (meters)	\$115,846,690	\$139,215,667	-16.79%
Click N Ship	\$474,487,132	\$544,602,320	-12.87%
Other	\$542,546,843	\$637,474,541	-14.89%
Sub-Total Alternate Access Retail	\$2,260,015,934	\$2,663,566,504	-15.15%
TOTAL RETAIL REVENUE	\$12,030,537,197	\$13,163,071,005	-8.60%

⁹ Docket No. ACR2021, Responses of the United States Postal Service to Questions 1-18 of Chairman's Information Request No. 13, February 17, 2022, question 3 (Docket No. ACR2021, Response to CHIR No. 13).

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- 26.** Please refer to the Postal Service's discussion of wait time in line and measures for continued time reduction. FY 2022 ACR at 85-87. Additionally, please refer to the Postal Service's discussion of strategies designed to improve wait time in line in Docket No. ACR2021 Response to CHIR No. 13. Docket No. ACR2021, Response to CHIR No. 13, question 6.
- a. Please identify which strategies or measures were most effective in reducing wait time in line, and explain why they were effective. Please provide quantitative support for this efficacy assessment and identify the metric(s) used. If quantitative support is unavailable for an identified efficacy assessment, please explain why it is unavailable and provide qualitative analysis in support of the statement.
 - b. Please identify which strategies or measures were least effective in reducing wait time in line, and explain why they were ineffective. Please provide quantitative support for this efficacy assessment and identify the metric(s) used. If quantitative support is unavailable for an identified efficacy assessment, please explain why it is unavailable and provide qualitative analysis in support of the statement.
 - c. Please explain what a "Retail Gemba assessment" would entail and how this assessment will reduce wait time in line. Please provide quantitative support for this efficacy assessment and identify the metric(s) used. If quantitative support is unavailable for an identified efficacy assessment, please explain why it is unavailable and provide qualitative analysis in support of the statement.
 - d. The Postal Service states it will deploy Rapid Drop-off Stations to expedite Label Broker pre-paid parcel acceptance transactions. FY 2022 ACR at 86. It notes it plans to add to expand Rapid Drop-off Stations in FY 2023.
Id.
 - i. Please provide the number of Rapid Drop-off Stations deployed as of the end of FY 2022.
 - ii. Please describe in detail the Postal Service's plans to expand Rapid Drop-off Stations in FY 2023. In the response, please provide the Postal Service's target number for deploying Rapid Drop-off Stations by the end of FY 2023.

RESPONSE:

- a. Given the multiplicity of variables that can impact wait times in line, as well as the dynamic, complex, and unpredictable ways in which such variables can interrelate, it is

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not possible, with any degree of precision, to disentangle the effects produced by discrete improvement measures, subject these effects to quantitative analysis, and proceed on that basis to assess which individual measure most reduced wait times, and which the least. The difficulty is compounded by the fact that many of the measures referenced by this Information Request, for instance Retail Gemba Assessments (described in response to subpart c. below), simply do not lend themselves to the type of quantification that such an exercise would necessitate.

Nonetheless, the Postal Service does collect data relating to some of these measures; and these data support the inference that at least some of the measures in question positively impacted national WTIL average. In this regard, the Postal Service notes that the FY 2022 SSK transaction rate increased by 3.3 percent as compared to FY 2021.¹⁰ A larger portion of customers therefore availed themselves of SSKs. Furthermore, as stated in the response to Question 18 above, the Postal Service strategically relocated SSKs from locations with lower SSK transaction rates to locations with higher SSK transaction rates. While neither the direct effect of these efforts on SSK use nor the direct effect of SSK use on wait times in line can be definitively shown, it seems probable that the Postal Service enabled more customers to use SSKs, and that the higher SSK transaction rate led to lower wait times. Similarly, Mobile Point of Sale transaction rates increased by 0.5 percent;¹¹ and it likewise seems probable that

¹⁰ Source: Retail and Customer Service Operations Dashboard.

¹¹ Source: Retail and Customer Service Operations Dashboard.

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the continued deployment of this technology—which allows clerks to conduct transactions while customers stand in line—had a positive impact on wait times.

b. Please see response to subpart a. above.

c. In a Retail Gemba Assessment, trained staff visit individual Post Office locations, assess work practices at those locations, identify opportunities for improvement, and advise on how to realize these opportunities. In other words, Retail Gemba Assessments function in the manner of a mentoring program, whereby employees and management alike are informed of, and coached in, practices likely to improve their performance. Past examples include: advising retail clerks on how to deploy Mobile Point-of-Sale devices to sell stamps to customers while they wait in line, and advising that customers of distinct purpose—some who require assistance from a retail clerk, and some who seek merely to retrieve a package—should be separated into separate lines, thereby decreasing congestion. Aside from the wait-time-in-line averages already reported to the Commission, there is no quantitative metric that could realistically track the improvements yielded by such practices; but it stands to reason that they have helped at least some Post Offices to function more effectively, and that as a result, at least some Post Office customers have spent less time waiting in line than they would otherwise have done.

d. i. In FY 2022, the Postal Service piloted five Rapid Drop-off Stations within the WestPac and Atlantic Areas.

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ii. The Postal Service currently plans to deploy approximately 100 new Rapid Drop-off Stations by the end of FY 2023.

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- 27.** Please refer to Docket No. ACR2021, Responses of the United States Postal Service to Questions 1-15 of Chairman's Information Request No. 6, February 1, 2022, question 5, in which the Postal Service provided delayed inventory data, by number of pieces, for FY 2021.
- a. Please provide updated delayed inventory data, by month, for FY 2022.
 - b. Please describe in detail the reasons for any significant change in the amount of delayed inventory between FY 2021 and FY 2022.
 - c. For each reason identified in response to part b. of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified reason, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified reason.

RESPONSE:

- a. Please refer to the Excel file associated with this response in the zip file electronically attached to this response set, which provides the FY 2022 monthly data directly from the Mail Condition Visualization (MCV) system.
- b.-c. Comparing the FY 2022 data provided in response to part a of this question with FY 2021 data provided last year in response to Chairman's Information Request No. 6, February 1, 2022, question 5, (reproduced for convenience in the attached spreadsheet as well), it seems clear that, overall, delayed inventory declined from FY 2021 to FY 2022 across market-dominant products. Delayed inventory in the aggregate (the sum of the three columns) declined by nearly 20 percent from FY 2021 to FY 2022, and aggregate declines occurred each month of the year. Logically,

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the decline can be attributed to improvement in service performance. The Postal Service achieved greater on-time service performance in FY 2022 compared to FY 2021 in market-dominant products, thereby generating less delayed inventory. Please refer to the FY 2022 ACR at pages 51-53 for comparisons of service performance from FY 2022 against FY 2021.

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- 28.** Please refer to Library Reference USPS-FY22-29, December 29, 2022, Excel file "FY22 Marketing Mail Root Cause.xlsx," column F, in which the Postal Service identifies one of the root causes as "StartTheClockToOGDelay." Please define "StartTheClockToOGDelay."

RESPONSE:

"StartTheClockToOGDelay" means Start-the-Clock to Outgoing Processing Delay. This root cause failure applies to commercial mail failed pieces that receive the first outgoing processing piece scan after 0030 on the date after the start-the-clock date of the mail piece.